

October 23, 2002

Roger Madsen
Director
Dept. of Labor
STATEHOUSE MAIL

Dear Roger:

Here are a few suggestions for the Blue Ribbon Task Force. These ideas focus on people and general cost-effective and efficient management strategies.

1. Change the law and philosophy which prohibits managers from moving appropriated money into personnel budgets.

Fund shifts to personnel have been prohibited since the 1940's. In the 1940's, fear of corruption and cronyism, abuse and/or misuse of program dollars were valid when there was no computerized data management or tracking. With advancements in technology, accounting, controls, auditing, and personnel management, the law seems outdated. It causes public managers to have more restrictions on their budget management than if they were "running their agency like a business."

Contemporary management practices encourage employee participation in management decision making. Smart managers look for ways to operate their programs more effectively and efficiently, frequently resulting in reduced operating costs, either one-time or ongoing. The current law limits such savings, if spent, to be on operating or capital outlay, even when personnel expenditures may have higher priority.

Appropriations could still be in categories, but during the fiscal year, managers should have the authority to move the money to where it is needed, as long as the appropriation bottom line remained the same. The cap of FTE also controls this spending and would safeguard against uncontrolled growth in the workforce. This change would also provide additional motivation to managers and employees to work together to find ways to make government operations more efficient.

2. Change the law regarding limitations on bonuses, and use incentive pay like private industry when applicable.

Roger Madsen
October 24, 2002
Page 2 of 3

Idaho Code now limits bonuses to a maximum of \$1000 total each year regardless of the employee's salary. Bonuses may only be awarded for "excellent" work. By removing restrictions, bonuses could be allowed for a variety of purposes if such expenditures benefit the state, i.e. recruitment, retention, goal attainment, team efforts, etc. The bonus amount could relate proportionately to the job and salary level. Bonuses or one-time payments let the state give employee increases, but do not further balloon the personnel budget.

I support an incentive program for state employees. If they make suggestions or program change proposals which save the state money when implemented, the agency and employee would get to reap some of the rewards. A change in the bonus law could support incentive awards.

3. Reorganize the structure of state government. Divide the largest agency and combine others with related functions. For some, these recommendations would consolidate fiscal, HR, and facilities management support services, and reduce duplication. Larger groups of related functions provide more opportunities for coordination and cooperation. Department or Division size allow for higher levels of expertise in support services.

The constitutional limitation of 20 state departments has resulted in a large number of agencies under the umbrella of "self-governing" or "office of the governor." These small agencies often lack the resources or need for full-time professional support in the areas of HR, finance, and facilities. Also, their directors sometimes lack public management expertise or experience to recognize when they are proceeding in a way that puts the state at risk. In larger agencies, a more sophisticated support structure provides these managers with the consultation they need on site.

Here are some suggestions for reorganization:

Split Health and Welfare into two departments. The Divisions of Health and Medicaid would form the Department of Health Services. The remaining divisions would form the Department of Human Services. Into this Department of Human Services, fold:

- 1. Office on Aging**
- 2. Commission for the Blind and Visually Impaired**
- 3. Developmental Disabilities Services**

Add in the Department of Juvenile Corrections by changing it to a Division within the new Department of Human Services. This change would allow for more coordination of services and interventions with families and children. There is significant duplication of services when two Departments must have separate systems to deal with troubled children and youth. The Division status would still allow for the

Roger Madsen
October 24, 2002
Page 3 of 3

accountability and visibility the Legislature envisioned. I was a regional manager when Juvenile Justice was part of Family and Children's Services at Health and Welfare, and can provide more information about how progressive such integration of services can be. Accountability is really all about leadership and management of the Divisions and Departments.

The number of support staff in these agencies listed above would be adequate to assure excellence in the two new Departments. Improvements in internal agency service delivery, public service to taxpayers, and customer/community satisfaction are all clearly possible in the new organizations proposed.

Another proposal supported by one of my supervisors is the consolidation of a variety of independent self governing agencies, i.e. **Medicine, Nursing, Dentistry, Veterinary Medicine, Real Estate, etc.** under an umbrella agency, a new **Division of Occupational Licenses and Certification**. This proposed organizational structure would have at least three bureaus - two service bureaus (health related licensing and compliance and business related licensing and compliance), and a consolidated management services bureau.

We suggest the **Human Rights Commission** become an umbrella agency containing its primary mission, but adding two specialized groups:

The Women's Commission
The Hispanic Commission

Further economies in support services could be realized by folding the **Industrial Commission** under the state **Department of Labor**.

And last, but not least, we need our HR services to support our approach to a comprehensive compensation package. So we strongly advise moving **Group Insurance** from the **Department of Administration** to a **Bureau of Employee Benefits** within the **Division of Human Resources**.

I appreciate the opportunity to provide input. I hope my experience and perspective sparks some ideas. As always, just let me know if you'd like any further information. I am happy to help!

Sincerely,

Ann Heilman
Administrator

Blue Ribbon Task Force
Roger Madsen
c/o Idaho Dept of Labor
317 West Main St
Boise, Idaho 83735

I rarely write to anyone regarding political matters. However, I find this task force plan of Kempthorne's so ridiculous I just can't stop myself. He sends a letter to all the "valued state employees" asking us to help shape the future of Idaho. My first idea is that once again he is lying to the state employees he presents to value. It would not be difficult to balance the budget for this state. Get Kempthorne's signature on a resignation for starters. Obviously Patricia is the financial manager in that household. He was a good mayor for this city but once he got to Washington, D.C., got a taste of adultery and liked it, he has gone down hill fast. When the wife drug him back to Idaho she did us all a great dis-service. He should reimburse the state for all the money he spent on cement security. Now we have a capitol building that is protected by petunias in cement pots that take up valuable parking space. They should try planting petunias in Maryland and maybe the sniper would get scared! It looks ridiculous to residents and is a real joke to visitors who are touring the capitol. They also cannot take a guided tour if they drop in because he cut that out. School kids loved that but it is not important to preserve history. Why didn't he cut where big money is spent - like his bodyguards? Who are they protecting him from - his wife if his girlfriend gets mad or his girlfriend if his wife ever wakes up? He has advisors that draw an incredible salary and obviously know nothing. Mark Snider - what a joke and big money is being spent there. There are many agencies with commissioners, managers and supervisors galore. There are some good budget cuts! If you need a supervisor for every ten adult employees then a manager for that supervisor, then a bureau chief or director for that manager then four commissioners for that agency, you definitely have a problem. Get rid of the high paid employees who have nothing to contribute to bringing money into the budget. They get together and have meetings just to keep awake and look important. Fooling nobody! I would flood the tax commission with employees and get that money rolling in. Gov puts a freeze on hiring and cripples that agency. What high paid advisor came up with that idea - or did Dirk think it up by himself? The general population of state employees haven't had raises for years but by golly those good buddies at the top get their raises every year. State employees actually took a cut in pay this year due to benefits being reduced such as insurance copays and deductibles. Crime is up, rent is high, salaries are low, education is poor, utility companies keep raising rates, the phone company & cable company are ripping this state off, transportation is a fast growing problem. The governor takes a group and goes on a trip to Asia. What a party we paid for there! People went who had nothing to do with the economy of Idaho. Some people did get good connections to move their business out of this country though causing layoffs and a financial ripple throughout the Treasure Valley. How much money did that bring to our state? Didn't that joy trip happen at a time when economy was sooo bad? Here is something we laugh about daily - emission control! People in towns surrounding Boise don't have it but drive their cars to Boise because they work and shop here. How does that control polution if it only happens in one county of the state? Get my drift on how stupid things are here? Since I am a valuable state

RECEIVED

OCT 24 2002

IDAHO DEPT. OF LABOR
DIRECTOR

employee I cannot sign my name of course. Sorry about that – but I am not one of the good buddies. How many state employees are on the task force? How many union representatives are on the task force? Another waste of time and money.